



NATIONAL APEX CHAMBER

OUTLOOK OF MEDIA & ENTERTAINMENT INDUSTRY IN THE COVID SCENARIO



PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD Chamber's Viewpoint



Dr D K Aggarwal
President

The Indian Media and Entertainment Industry has been the front runner in terms of innovation, creativity, growth through self-disruption and perseverance to find long term value in a business which essentially thrives on short loops that builds beautifully into a never-ending chain of both realism and imagined realism.

Amongst many factors that are involved in shaping up the values and beliefs of the society, Media as an influential factor takes the lead. With high changing speed of evolution in today's world, media takes the responsibility to inform and educate people through it so that they can match the changing trends. Keeping in mind about the time and changing trends, media has been a factor of transformation since many years.

Growing the spurs of increasing personalization and digitalization across the countries, there has been whooping demand of media which have implemented lock down as a preventive measure to contain the spread of Covid-19



Shri Sanjay Aggarwal
Senior Vice President

The media & entertainment industry envelopes all brands and businesses across all Industries by ideating, planning and executing their brand storytelling, brand launches, campaigns, public relations, marketing, promotions, events among others. The ability of heterogeneous content of Indian Media and Entertainment Industry, aspires to fulfill consumers need for entertainment, edutainment, escapism and empowerment.

With the multi-fold spread of pandemic Covid-19, the media and entertainment sector is currently grappling with various challenging issues, however, as people strive to return to normalcy, eventually the sector may be amongst the first few to recover, and continue to provide to everyone across all mediums and segments, the much-needed entertainment.



Shri Pradeep Multani
Vice President

The Covid-19 pandemic is disrupting every industry. For the media sector, coronavirus creates both opportunities and challenges. On the one hand, social distancing has led to a spike in at-home media consumption, and growing numbers are turning to news providers for timely and trusted information on the crisis. At the same time, some of the most valuable broadcast content—such as live sports—is being postponed or cancelled, leading to spending reallocations by advertisers and a subsequent drop in income for media companies. What has stayed constant is the indispensable role that media play in society. Media don't just help us pass time; they keep us informed. Increasingly, the media create shared cultural moments and reflect who we are as people. The industry needs financial models that work to be able to keep fulfilling these functions, which appear ever-more important during times of Covid-19.





Shri Mukesh Gupta
Chairman, Media &
Entertainment Committee

The COVID-19 pandemic has changed the way people consume media and entertainment. The pandemic spread and the consequent disruption of lives across the globe could have serious impact on media and entertainment, posing challenges for traditional media and at the same time brought about considerable integration of digital technologies into our everyday lives.

Due to strict national lockdowns around the world people have been forced to stay at home, changing consumer behavior on a large scale. As movie theatres, museums, events, and other external entertainment consumption models have been banned, social lives have moved online, and entertainment consumption has increased significantly for online gaming and over-the-top (OTT) services.



Shri Saurabh Sanyal
Secretary General

The spread of the COVID-19 has proved difficult and a challenging time for Central and the State Governments, as they work to address this health emergency, the economy and the Nation as a whole. Many a times in crises, the democratic governments have to autocratic turn and implement stringent guidelines, like the Nationwide lockdown, as a preventive measure. In such a situation, media & journalism has a great role to play in a democracy. The role of larger media as observed during the pandemic, however, is not an overnight shift. It has been visible for some time now. The media has seen phenomenal growth during the last three decades, and India has become one of the biggest media markets in the world.



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Executive Summary

While the entire world, predominantly the Asian region was already stressing out the top brains for the upcoming battle of the global economic slowdown, a new Pandemic calamity – THE COVID-19 PANDEMIC, knocked almost all the global doors with a pre issued non-cancellable entry pass.

The very valid reasons of slow consumptions in the entire world was already being witnessed, and the uncalled guest with a strong presence had arrived and became another biggest reason for the global economic slowdown. The world got not got over from the US-CHINA Trade war yet and the Pandemic's firm promise of not letting the economies grow was sensed by the economists worldwide.

The Indian central and state governments have undertaken several unprecedented and drastic measures to curb the spread of the novel coronavirus ("COVID-19"), characterized as a pandemic by the World Health Organisation. Specifically in the context of the media and entertainment sector, the lockdowns and prohibitions imposed by the governments, along with the stalling of the film and television productions, sporting events and other industry events; shuttering of cinema halls and theatres across the country, and the 'social distancing' and 'stay at home' advisories from authorities, have severely affected operations in the media and entertainment industry, resulting in reduced revenue prospects for several businesses.

COVID-19 which has become a New Normal in the world of today has changed the pattern of consumption and absorption of social media apps in India. While India is under lockdown and following the norms of social distancing, the usage of social media has been beyond giving information and escaping from boredom. It has been a powerful weapon in the hands of doctors and police working on the frontlines fighting the deadly virus. As per a report released by Hammerkopf Consumer Survey, social media usage jumped to 87% in the first week of the lockdown period. As per the survey, there has been an increase of 2 hours of usage per day. Before lockdown, the time an individual spent on social media was 2.5 hours. It has since gone up to 4.6 hours per day.

The whole media sector (including social media) has come to the forefront and into the glare of the limelight in the ongoing global pandemic caused by the corona virus. Seldom has the role of the media come into such sharp relief at any time in the past. While it has come in for a lot of appreciation due to the brave and untiring efforts of its “front line workers” who are out there reporting among the hotspots, some sections of the media (and social media) have also come in for severe criticism for spreading disinformation and creating what has been termed as an “Infodemic” in the midst of this pandemic. It seems that along with fighting the virus, the country also has to fight the spread of disinformation and in this, the media has a major role to play.

Media has become the main source of communication in this pandemic. Even the Honourable Prime Minister of India announced the lockdown from the nationwide TV channels. All

subsequent orders and recommendations on the subject are largely projected through the media itself. The lists of do's and don'ts, the containment areas, the red, orange and green zones are notified mainly on the media platforms. News of new trains and lifting of lockdowns are eagerly watched by all members of the public. This places greater responsibility on the media to put out authentic information. The case of misinformation spread on social media about trains for labourers created chaos and a health scare recently in Delhi.

While the media and entertainment sector is currently grappling with various challenging issues, however, as people strive to return to normalcy, eventually the sector may be amongst the first few to recover, and continue to provide to everyone across all mediums and segments, the much-needed entertainment.

Social media is known for its flexible nature and ability to adapt to change. During the times of COVID-19, it has been at the forefront of adapt to this change and help a mass audience to be informed, entertained, and educate themselves in these times but it's the responsibility of the audience to consume social media information for reliable sources.

Going forward, the industry will need to re-think various operational and legal aspects of the business, such as timelines, production costs and schedules, legal commitments etc., in order to adjust to the 'new normal' being presented to the world. OTT platforms, where a large chunk of the content library comprises of acquired content, or is dependent on partnerships with third parties, may have to think of innovative ways of updating their existing content libraries, given that the production of new content may take much longer than anticipated earlier.

It may thus be seem that never before has the media role come to the forefront as it has in this pandemic. It has both its positive and negative sides. While the positives need to be enhanced and upscaled, the negative side has to be quenched in the bud before it becomes a sore point in the global battle against the corona virus.

1. Introduction

Media is considered as “Fourth Pillar” in a democracy which holds the power to secure or topple the government, form public opinion about any policy or institution, and enhance or ridicule the reputation of an imminent personality. It also proves to be an outlet of public opinion. Over the years, media has played an important role in providing information and being the voice of India. Coronavirus disease (COVID-19) is an infectious disease that started in China in early January, has affected more than 50 lakh people across the globe with causing death of more than 3 lakh people, globally. In the epicenter China, more than 80,000 people have been diagnosed with the disease and have led to uncountable deaths. This disease has been declared as “Pandemic” by the World Health Organization (WHO) has its spreading across the world rapidly and in some countries, the situation has gone out of control as well. While this pandemic has impacted the economy, different sectors of industry, it has also impacted how different forms of media is consumed in the world of today.

During COVID-19, Media has become a front-line warrior in spreading awareness, forming opinions in the minds of the audience. With its real-time update and an increase in data representation, it has been able to inform the audience about the spread of COVID-19 in India and other parts of the world. This pandemic has created opportunities as well as challenges for the media industry. The media’s current focus is to cover all aspects of coronavirus and its fallout. On the one hand, social distancing has led to a spike in at-home media consumption, and growing numbers are turning to news providers for timely and trusted information on the crisis. At the same time, some of the most valuable broadcast content such as live sports are being postponed or canceled, leading to spending reallocations by advertisers and a subsequent drop in income for media companies.

But online and social media has witnessed an increase in online content posting and consumption. Most of the mainlines, financials, and magazines have shifted to online versions, there is an increase in the viewership of online televisions and online streaming apps as well. According to the Nielsen report on social media, there is a drastic 50X surge between January and March in India in the wake of the Covid-19 pandemic. Social media buzz picked up from 0.4 million in January and 1.6 million in February to a staggering 20.3 million till March 24. The number reportedly spiked simultaneously as coronavirus cases jumped from just one in January to the over 500 in March. According to Nielsen, the total volume of Covid-19 related conversations reached 22.3 million by March 24 in the country.

In terms of print and magazine, while most of the newspapers and magazines have shifted to electronic versions and television has shifted to online television as well, there is a change of working in this industry. With most of India working from home, so this industry if following the same as well in some way. In television, channels like BBC, Times Now and many more have



most of the staff working from home. Only critical members of the broadcast network like production staff, presenters, staff, engineers, digital teams and a few editors are coming to the newsroom. Newspaper organizations like The Hindu, Indian Express, Hindustan Times, The Wire, and many more have rolled out a work-from-home arrangement with only a few people coming to the office for shoots and edits. Those who avail of public transport are being provided with pick-ups and drops. The newsroom is being disinfected multiple times daily, and all daily touched surfaces are being sanitized. Radio channels like Radio City and others have also made arrangements for radio presenters and other staff to work from home as much as possible. While, reporters, photojournalist, and other technical staff have to come to the office on a rational basis, but news coverage has been a prime focus of every form of media and at the same time leveraging the use of technology facilities like WhatsApp, Skype, Video Calling and others so that they can communicate and work with each other efficiently.

While, print, online, magazine, and television industries are witnessing a spike in consumption and revenue, another part of the media industry is also facing tremendous loss and challenges. Films, Event Management, and Advertising industry have faced a major decline in their business due to social distancing and a stoppage of mass gathering due to which there is an increase in the number of webinars, online discussions and live chats to keep the industry active. The Events and Entertainment Management Association (EEMA) recently conducted a member survey with 170 companies that were affected by COVID-19. Around 52.91% of companies resulted in 90% of their business being canceled between March-July 2020. 63.1% companies i.e. around 107 companies suffered from a revenue loss of up to 1CR Around 7 companies envisage a 50%-80% retrenchment of their current workforce and 35 between 25%-50%. The ideal working capital/loan expected to keep afloat for the next 6 months is around 2-5 CR for 39 companies and 1-2 CR for 118 companies. Around 97 companies will need to raise capital or debt from institutions or shareholders, VC funding, etc. With such kind of devastating figures, it can be understood that this industry will be facing a hard time to come out of this pandemic and stabilize themselves. This industry will face a change in the planning and working but at the same time will also face a lot of layoff and job pay cuts.

While the media industry is facing opportunities and threats at the same time, there is also an increase in fake news. With new news channels being created to create awareness, many of them consist of fake or misleading news. Fake news has been a problem which the media industry has been facing from the past so many years. But an analysis by fact-checking website BOOM has found that while January-February saw most rumors about China and false predictions about coronavirus treatment, fake news on Italy lockdown went viral in March. And in April, communally charged disinformation targeting the Muslim community became more frequent. The study said that out 178 fact checks on COVID-19-related misinformation/disinformation from January to May 2020. The study has been conducted through data and evidence of viral

information, such as trending news topics and types of media through which this information was disseminated. Topics like prediction theory, bio weapon, economy, health, politics, Italy, China, cure/prevention/treatment, lockdown, and communal were trending between January to April. According to the study, 35% of false and misleading claims were made through videos, and April saw a spike in clips targeting Muslim vendors for allegedly spitting on food items to spread the coronavirus pandemic. Moreover, 29.4% of fake news, which included fake diagnosis and treatment or doctored quotes by celebrities along with their pictures, was shared through text messages. These spiked in March as false notifications and lockdown guidelines became viral. The study also analyzed a small number of audio clips 2.2% going viral with false contexts. About 4% of BOOM's fact-checks were on news reports by mainstream media organizations. The first Covid-19 fact-check by BOOM was done on January 25 this year. While February saw major events like the Delhi elections, Donald Trump's India visit, and the Delhi riots dominating the fake news cycle, the topic of fake news drastically changed in March, shifting to coronavirus-related misinformation.

With the problem of fake news, there is a rise in Data Journalism, which was one of the next big talks of the town of the media industry. Data Journalism was anticipated as the next most in-demand journalism a few years back. With the coming of pandemic COVID-19, this has been the most important type of journalism to understand the spread of the virus as compared with other parts of the world, the effect of lockdown, rise or fall of deaths, and many more. With the use of Artificial Intelligence (AI), this form of journalism has made a major mark in the media industry. The media industry is facing a lot of changes due to the New Normal of COVID-19. With an increasing, the digitalization of news, social media, remote working, online television, this industry is also facing a slowdown in events, film production, and others. But, if looked from the point of view from evolution, this is the time to change and drive into a change of business. This is an opportunity for any industry to change its protocols and adapt themselves to something more developed and better and so the media is doing as well. Media always believes in "THE SHOW MUST GO ON" and it will continue to be that.

2. Media- Brief History and Types

The word “media” derives its meaning from the Latin medium, which means “in the middle”. In media entrepreneurship, the media refers to the traditional mass communication system and content generators as well as other technologies for mediated human speech. This would include traditional publishing (newspapers, periodicals, or books), traditional electronic media (broadcasting, broadband, cable, or satellite), motion pictures, video gaming, recorded music, advertising, and adaptations of the Internet for any of these media. The term media used to denote a section of the media especially envisioned and designed to reach a very large audience such as the population of a nation-state it was coined in 1920 with the advent of nationwide radio networks, mass-circulation newspaper and magazines, although media was present countries become the term common.

“Mass media” as the name suggests is the media that reach the mass spread over a vast area simultaneously. Any media that multiplies messages and takes it to a large number of people simultaneously is called Mass Media.

Media effects on society too much by playing a role and acting as an informer of facts to society. Media play important role in democracy as watchdog helping in the establishment of democracy and safeguard the existing values in the democracy and it entertains the public by way of music, drama, films, dance, etc. Not only Media useful society but also for business marketing in which their product introduced to society through media and ultimately it results in the economic

The phrase Media began to be used in 1920, the notion of mass media was generally restricted to print media up until the post Second World War, when radio, television, and video were introduced. Due to development in science and technology, different types of media-originated accordingly in different stages of the history of the world as;

Print media including books, pamphlets, newspapers, magazines, etc. originated from the late 15th century. Recordings including gramophone records, magnetic tapes, cassettes, cartridges, CDs, DVDs, etc. originated from the late 19th century and Cinema about 1900. Radio came into existence from about 1910 and Television find its place from about 1950, Internet from about 1990, and Mobile phones from about 2000.

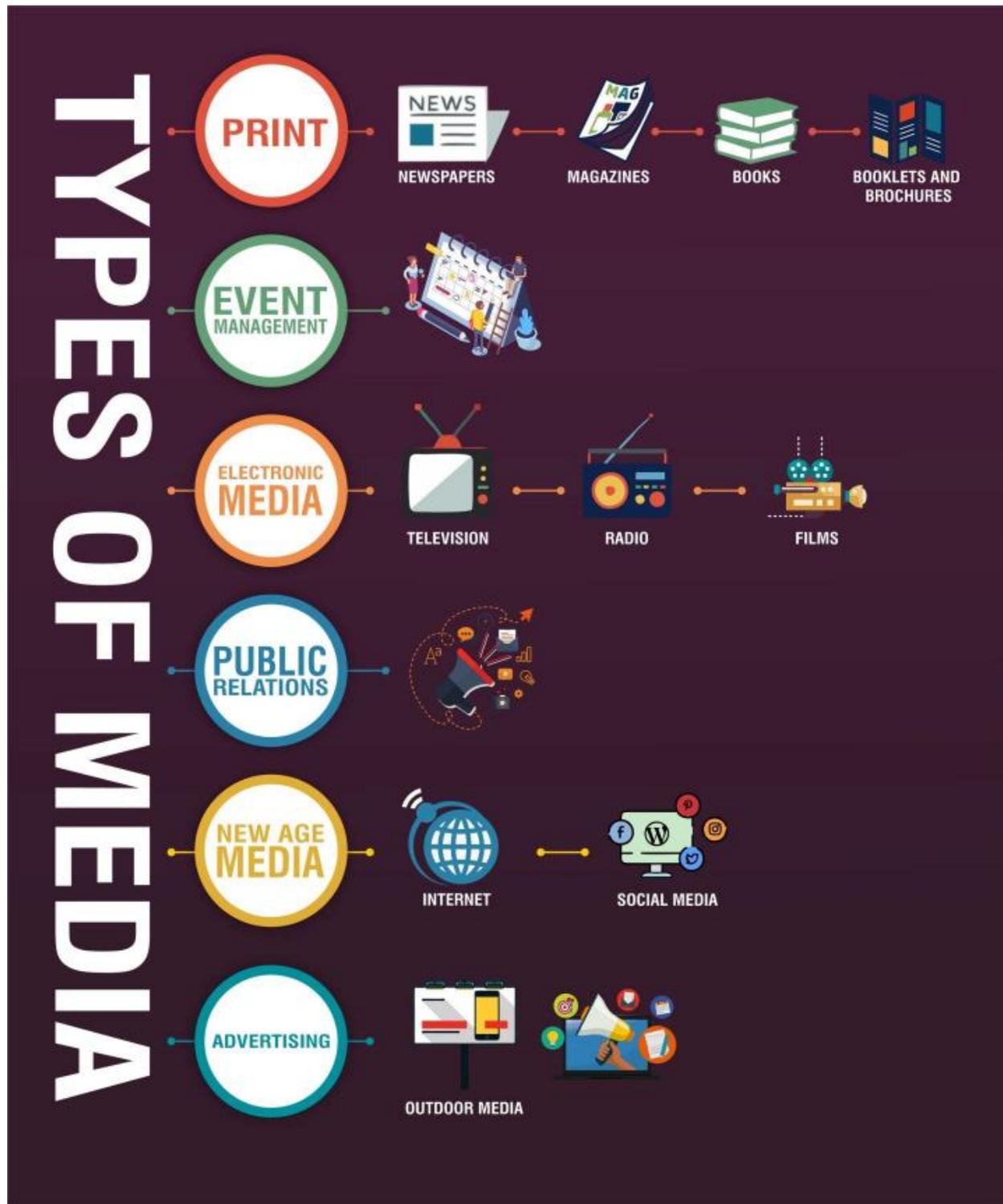
Media also broadly classified into two types visual and non-visual based on its nature, scope, and effectiveness on the society. Press or media evaluated as the fourth pillar of Indian democratic system which was the prime force of the struggle of independence Many freedom fighters started a newspaper and different works of literature to address the public issues to create nationality among the people, after the independence over the 250 years media or enjoy the same status of importance and reputation due to the support and trust of people.

As for concern to Indian media, it starts the journey by establishing the first printing press in 1674 in Bombay. Other types of media took its place in India in various stages like radio broadcasting began in 1923 and Television in India started with the experimental telecast starting in Delhi in 1959, The first Indian film released in India was Shree Pundalik in 1912. The Internet

came in India with the launch of the Educational Research Network (ERNET) in 1986, Jyoti Basu Chief Minister of West Bengal, made the first mobile phone call in India to the then Union Telecom Minister Sukhram in August 1995. However, after the independence of India, the media scenario has undergone tremendous changes broadly attributed to globalization. Indian media and entertainment industry have traveled a long way and grown into a leading media market in the world. Given over 1.2 billion population of the country.

Recently, the internet and mobile became the latest and most liked media among the people. Getting information within few seconds available through websites and accessible through the search engine. It is one of the great advantages of the media that one can do many things at the same time, playing the game along with listening to music, along with attaching with several people through social media, irrespective of their location.

The Indian Constitution guarantees of a free press and free expression have ensured a press or media largely without governmental regulation. Free media is an essential source of information that is the heart of a free society. This critical role endows the media with its own, which, when used irresponsibly, can threaten a free society. This does not mean media without standard. In India, the government takes on the role of a primary regulator of the media. It has established specific laws not only to regulate media activities but also to protect their freedom. With the object to regulate media industry various authorities In India, established by enacting different legislation from time to time as Ministry of Information and Broadcasting, Press Information Bureau, Press Council of India, Central Board of Film certification, Telecom Regulatory Authority of India, etc.

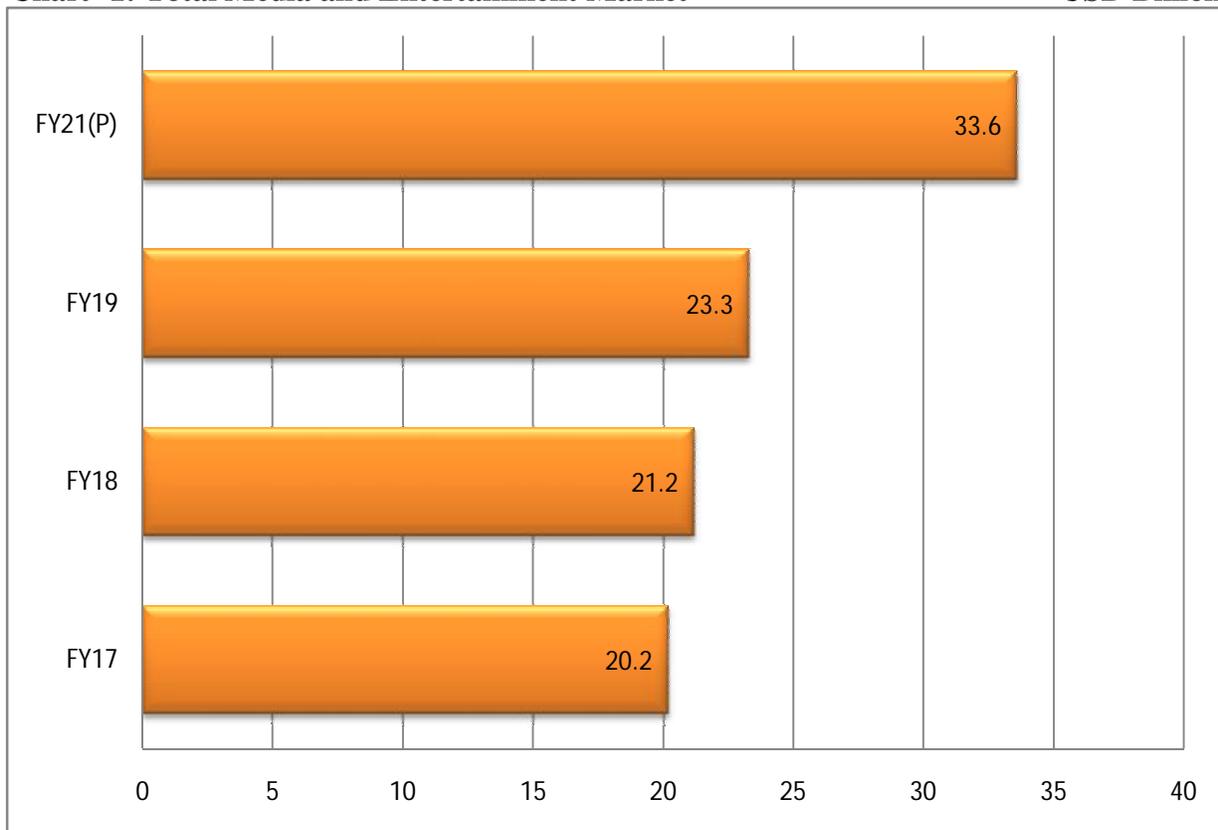


3. Media and Entertainment Industry: A Statistical Overview

3.1 Market Size of Media and Entertainment Industry

While there are plenty of evidence-based models to predict the likely impact of a global recession, modern-day evidence for the impact of a global pandemic is scant and largely theoretical. The economic impact of the COVID-19 crisis is uncharted territory. It is however likely that those companies that have the confidence and ability to invest in growing through and beyond the pandemic will be best placed once the crisis abates. One of the unintended consequences of the COVID-19 crisis may be a creative renaissance. In the history of artistic output, adversity often results in the most powerful creativity. Creatives from script writers, through song writers to special effects designers may find themselves inspired to craft some of the most poignant and impactful work they have ever created.

Chart- 1: Total Media and Entertainment Market **USD Billion**



Source- PHD Chamber of Commerce and Industry compiled from IBEF, Annexure- Table 1

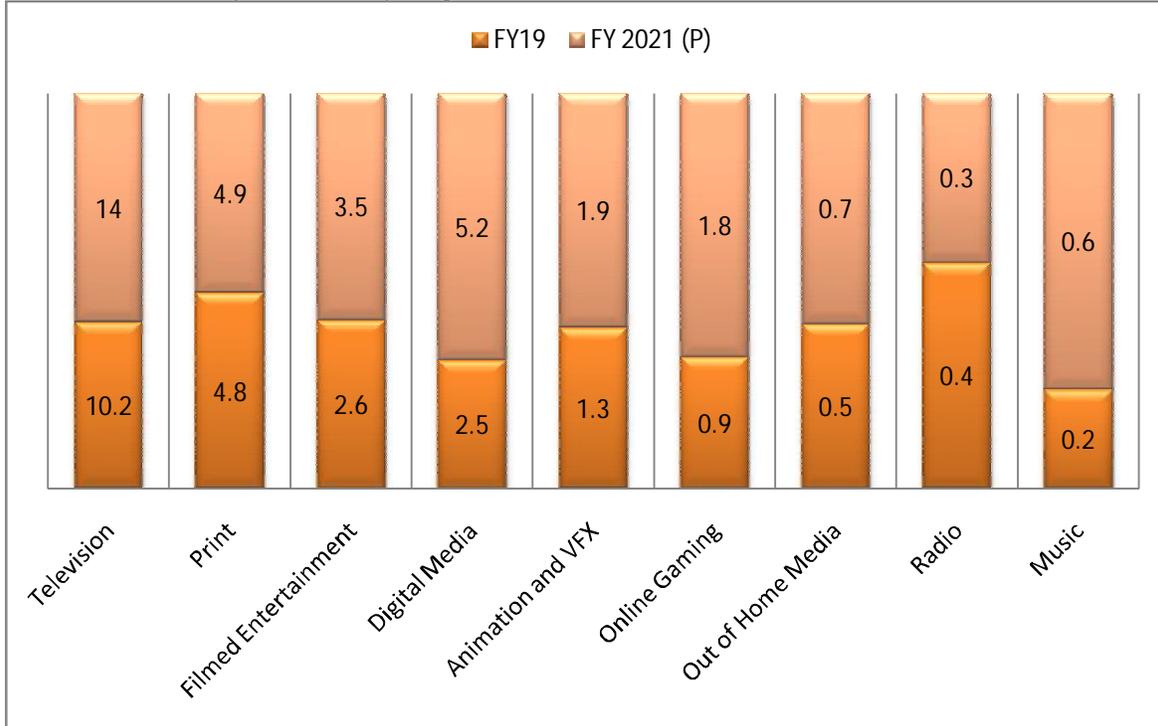
3.2 Sector Composition

The below chart signifies the segment wise contribution of the Industry. Hence, the television segment contributed 10.20% till FY 19 while, by 2022 its expected to grow at a pace of 14.67%. The print media contributed 4.76% and the expected growth by 2022 is 5.37%. Filmed and entertainment, digital media and Animation & VFX respectively grew at 2.62%, 2.42% and



1.26% respectively and are expected to grow by FY 22 by 3.26%, 5.52% and 2% respectively. The other 4 contributor, Online gaming, Out of home media, Radio and Music also seem to jump from their previous growths of 0.89%, 0.49%, 0.40% and 0% to 2.20%, 0.63%, 0.54% and 0.37% respectively.

Chart 2: Size of Major Industry Segments FY19 and FY2021 (P) USD Billion



Source- PHD Chamber of Commerce and Industry compiled from IBEF, Annexure –Table 2

3.3 Emergence of Industry Size

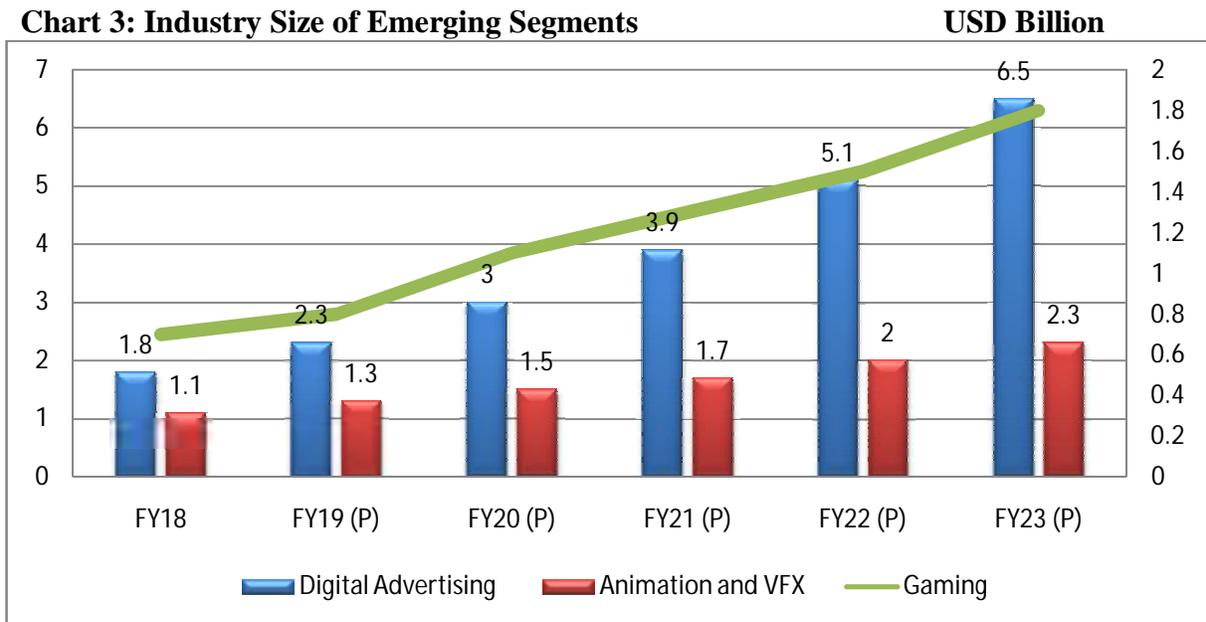
Animation, OOH, VFX, Radio, Digital Advertising and Gaming are emerging as fast growing segments. Till 2023, these segments are expected to grow at a Compounding Rate of:

- Animation and VFX : 15.50%
- OOH: 9.20%
- Radio : 10.20%
- Digital Advertising: 30.20%
- Gaming: 22.10%

The digital market of India has reached to a whopping 10819 crore (USD 1.3 billion) in year 2018 and is expected to grow at a CAGR of 32% to reach Rs. 18986 crores (USD 2.95 billion) by 2020. The digital advertising is expected to spend 30% YOY of previous years. This is helped by the consumptions of internet by the entertainment lovers. By the FY 2021, the projection of India's advertising market is expected to grow by 10.62% YOY to Rs. 85250 crores (USD 12.6 billion) till 2021.



There is a big expectation from the India's over the top content (OTC) platforms. Thanks to internet services and the regional language users of internet, as this boost in OTC is due to the increased internet adoption by the regional language users. The regional language users are expected to grow to 536 million by year 2021.



Source- PHD Chamber of Commerce and Industry compiled from IBEF, Annexure – Table 3

3.4 Advertising Revenue of Media and Entertainment Industry

The Marquee jump of Rs. 674 billion in the revenue of Advertising Industry, taking it to Rs. 1367 billion from Rs. 693 billion is expected to happen by FY 2024. The exceptional revenue of Rs. 25291 was contributed by only television advertising in the FY 2019.

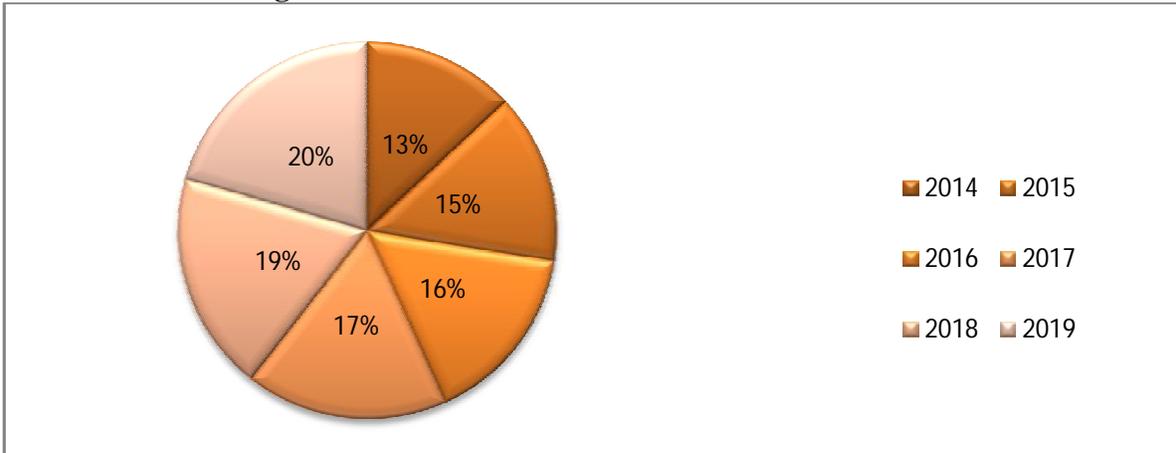
The forecast for India's advertising revenue is to grow at a CAGR of 14.5% during 2019 till 2024. The spending in India's increased to Rs. 67603 crores in FY 2019. The Print Advertising had emerged as the second largest contributor with Rs. 20045 crores in FY 19.

With a generation of 15467 crores, the Digital Advertising has emerged as the third largest medium in India. Digital Advertising is expected to contribute 29% of the ad market size by 2021.



Chart 4: Advertising Revenue

USD Billion



Source- PHD Chamber of Commerce and Industry compiled from IBEF, Annexure- Table 4

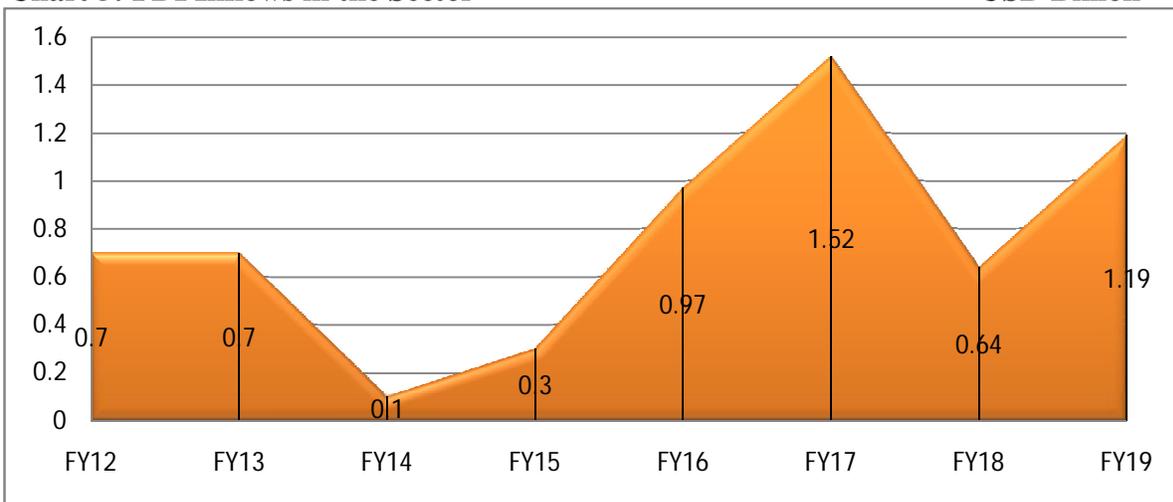
3.5 Foreign Direct Investment in Media and Entertainment Industry

The government of India has been exceptionally supportive for the Media & Entertainment as an Industry. The FDI limits in radio, including private FM has been increased from 26% to 49%. Private operators are allowed to own multiple channels in a city, subject to a limit of 40% of total channels in the city.

Government has given a free hand to Private Players to have new bulletins of All India Radio. FDI limit for DTH satellite and digital cable network had been raised from 74% to 100% by the government. All restrictions from the FDI for up- linking and down linking of TV channels have been removed. The FDI of up to 100 % through the automatic rout has been granted by the government.

Chart 5: FDI Inflows in the Sector

USD Billion



Source- PHD Chamber of Commerce and Industry compiled from DIPP, Annexure- Table 5



SWOT ANALYSIS



STRENGTH

- One of the most booming sectors in India due to its vast audience reach across different sectors of India.
- Real time update on different developments of nation through social media
- Has become the “Voice of Nation” through its presentation of diverse perspectives, vast coverage of every event or issue
- Change in lifestyle, spending and consumption patterns of Indian masses
- Indian Film Industry is one of the most fastest growing and largest industry
- Low cost production and high revenues ensure a good return
- More technologically advance and adaptive
- Rising incomes and evolving lifestyles have led to higher demand for aspirational products and services.
- Higher penetration and a rapidly growing young population coupled with increased usage of 3G, 4G and portable devices would augment demand.
- Measures such as digitization of cable distribution to improve profitability and ease of institutional finance.
- Increasing liberalization and tariff relaxation.
- Online Streaming Apps have grown due to local content and marketing that has attracted more users



WEAKNESS

- Lack of cohesive production and infrastructure development
- Lack on media penetration due to social-political-economic scenarios
- Lack of stringent social media laws





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OPPORTUNITIES

- The Government of India increased the FDI limit from 74% to 100%
- India's per capita income at current prices is expected to grow 11.0% to reach Rs 141,447 (US\$ 1,960.46) in FY19AE.
- Media and entertainment Industry are set to expand at a CAGR of 13.5% over 2019-24.
- The Indian media and entertainment industry are expected to reach around Rs 307,000 core crore (US\$ 43.93 million) by 2024
- The Government of India has carved out a National Film Policy which will tap potential mainly in the animation segment.
- The Government of India will formulate a plan to increase media and entertainment exports to US\$ 10 billion in the next five years.
- Radio, OOH, animation and VFX, gaming and digital advertising are also emerging as fast-growing segments.



THREATS

- Privacy, violation of intellectual property rights poses a major treat to the Media and Entertainment companies
- Increasing spread of fake and Lack of quality content has emerged as a major concern for social media
- With dynamic technological innovations taking place, the media sector is facing considerable uncertainty
- High media layoff and pay cuts due to Covid – 19
- Films, Event Management, and Advertising industry have faced a major decline in their business due to Covid -19 spread across the globe
- Declining Advertising Revenue, especially due to widespread pandemic Covid 19



4. Growth Projection and Development Perspective of Media & Entertainment Industry

The Growth of Media & Entertainment Industry over the years has cottoned the sector by increasing digitization which has influenced and touch the lives of people across the world. The Credit for doubling the media segment should be given to the rise of the Internet and a generation that hasn't been fed the staple diet of TV. The consumption of news, opinions, and ideas online has redefined the Media & Entertainment Industry.

The growth of Media & Entertainment industry mainly focuses on monetization of emerging digital business models; strong regional opportunities and favorable regulatory and operating scenarios across traditional business.

- **Income Factor Driving Growth**

Apart from the impact of rising incomes and widening of the consumer base, will be aided by expansion of the middle class; increasing urbanization and changing lifestyles. The entertainment industry will also be benefited from continued rise in the propensity to spend among individuals; empirical evidence points to the fact that decreasing dependency ratio leads to higher discretionary spending on entertainment.



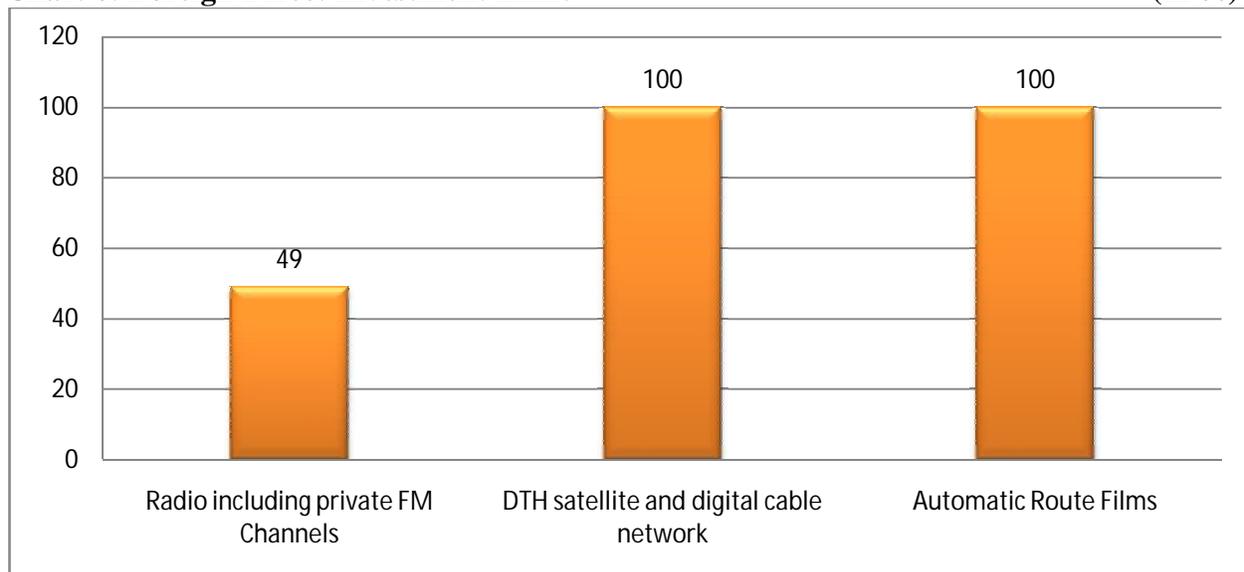
Traditionally only advertising has been a key source of revenue for Media and Entertainment industry, but off late revenue from subscription and value-added services has also contributed significantly. With consumers willing to pay for content and extra services, the subscription segment will play an important role in the post digitization era.



- **Foreign Direct Investments into Media & Entertainment Industry**

Owing to the strong impetus for growth from the economic and demographic factors coupled with some regulatory corrections, the sector also recently witnessed increasing foreign investment inflows in most segments of the Media & Entertainment industry, especially the print media. FDI inflows into the information and broadcasting sector during April 2000 to December 2019 stood at US\$ 8.71 billion. Demand growth, supply advantages and policy support are the key drivers in attracting FDI.

Chart 6: Foreign Direct Investment Limit (in %)



Source- PHD Chamber of Commerce and Industry compiled from IBEF, Annexure – Table 6

- **Policy Support Aiding Sectoral Growth**

Radio	<ul style="list-style-type: none"> • FDI limit in radio, including private FM channels have been increased from 26 per cent to 49 per cent. • Private operators allowed to own multiple channels in a city, subject to a limit of 40 per cent of total channels in the city. • Private players allowed to carry news bulletins of All India Radio. • Further boost may be given to the radio sector by charging license fees on the basis of 'net income' so as to provide relief to loss making radio players.
Television	<ul style="list-style-type: none"> • Digitization of the cable distribution sector to attract greater institutional funding, improve profitability and help players improve their value chain. • FDI limit for DTH satellite and digital cable network was raised from 74 per cent to 100 per cent by the government. • No restriction on foreign investment for up-linking and downlinking of TV channels other than news and current affairs.



<p>Film</p>	<ul style="list-style-type: none"> • Co-production treaties with various countries such as Italy, Brazil, UK and Germany to increase the export potential of the film industry. • Granted ‘industry’ status in 2001 for easy access to institutional finance. • FDI of up to 100 per cent through the automatic route has been granted by government. • Entertainment tax to be subsumed in the GST; this would create a uniform tax rate regime across all states and will also reduce the tax burden.
<p>Print</p>	<ul style="list-style-type: none"> • FDI/NRI investment of up to 26 per cent in an Indian firm dealing with publication of newspaper and periodicals. • FDI/NRI investment of up to 26 per cent in publications of Indian editions of foreign magazines. • FDI/NRI investment of up to 100 per cent in publications of scientific and technical magazines/ specialty journals/ periodicals.
<p>Music</p>	<ul style="list-style-type: none"> • Parliamentary approval on the Copyright Act (Amendment) Bill, 2012, which strengthens the royalty claims of musicians, lyricists and others in the field. • Policies are adopted against digital piracy and file-sharing to block illegal music websites. • Adoption of revenue sharing model by Copyright Board requiring FM radio companies to share 2.0 per cent of their net advertising revenues with music companies.
<p>Animation, Gaming and VFX (AGV)</p>	<ul style="list-style-type: none"> • 100 per cent FDI allowed in the sector through automatic route provided it is in compliance with RBI guidelines. • The government has carved out a National Film Policy to tap the potential of the film sector mainly for the animation segment. • State-level initiative by governments to encourage animation industry.

Source- PHD Chamber of Commerce and Industry compiled from IBEF



5. Role of Media in the Covid – 19 Pandemic

The part of media in an equitable framework is exceptionally pivotal. Media is without a doubt a watch dog in a political vote-based system. It goes about as an enlightening extension between the representing body and overall population. It incorporates the human progress and consequently makes worldwide solidarity and peace. It goes about as an instrument of progress for the improvement of the world.

The whole media sector (including social media) has come to the forefront and into the glare of the limelight in the ongoing global pandemic caused by the corona virus. Seldom has the role of the media come into such sharp relief at any time in the past. While it has come in for a lot of appreciation due to the brave and untiring efforts of its “front line workers” who are out there reporting among the hotspots, some sections of the media(and social media) have also come in for severe criticism for spreading disinformation and creating what has been termed as an “Infodemic” in the midst of this pandemic. It seems that along with fighting the virus, the country also has to fight the spread of disinformation and in this, the media has a major role to play.

On the positive side, the media persons have come out as brave warriors in this worldwide fight against the virus – much like the doctors, the nurses and the police personnel who have stepped up to discharge their duty despite the serious threat of infection to themselves. Without fearing for their own safety or security, the media persons have gone to the frontlines where the corona battles are being fought and are continuously reporting 24X7 from the hotspots, hospitals, and even the mortuaries. They have brought the stories of the patients from the ICUs, the laborer walking hundreds of miles on foot and also those who have recovered from the disease – right to our drawing rooms.

The media has become the main source of getting authentic information about the disease and its spread. Since this disease is a new experience for the whole world, people are eager to get as much information as possible on the disease and its spread. Here again, the role of the media is central. Daily figures of new cases, deaths and recoveries are religiously put out on the media platforms for the general public. The graphics are designed to inform the public about where different countries are in this war. The media should ensure that the data put out by them is verified and authentic. The experiences of other countries are enabling countries like India to take evidence based advance action to avoid catastrophe.

Media has become the main source of communication in this pandemic. Even the Honorable Prime Minister of India announced the lockdown from the national wide TV channels. All subsequent orders and recommendations on the subject are largely projected through the media itself. The lists of do’s and don’ts, the containment areas, the red, orange and green zones are notified mainly on the media platforms. News of new trains and lifting of lockdowns are eagerly watched by all members of the public. This places greater responsibility on the media to put out authentic information. The case of misinformation spread on social media about trains for laborer created chaos and a health scare recently in Delhi.



5.1 Social media – The forerunner in India’s Fight Against Covid-19

The social media has become hyperactive and is playing a role at disseminating information at a scale no one thought possible before the pandemic. Recent researches on this health emergency with massive data analysis of social media platforms like Twitter, Instagram, YouTube, Facebook, Reddit and Gab shows that during such critical times, the “accuracy of information is threatened”. Questionable and reliable information gets diffused at a similar pace and is dependent on the interaction algorithms used by the platform and also by the way the user groups interact on the media. Under this scenario, it becomes the responsibility of the social media platforms to keep a sharp eye on the developing rumors and misinformation and to prevent them from spreading. This may require a redesigning their algorithms. For in such emergencies, rumors have a tendency to snowball and it should be the role of the media to nip these in the bud and before they become public emergencies.

Another unique aspect of the corona virus and the resultant lockdown is that it has given rise to panic, anxiety and other mental problems among the general public. Cases of domestic violence during lockdown and suicides among those who have tested positive for corona etc. are being regularly reported by the media. Here the role of the media and especially the electronic media should be to place the things in the right perspective before the public. This can be done by bringing medical and social experts on the media platforms to discuss and to answer questions from the public. The rate of morbidity and the fact that most of those affected will get well needs to be highlighted so as to remove the misconceptions that are arising in the public. This is especially so for the children who should not be given a picture of doom which will scar them for life.

The media should broadcast content which will elevate the mood of the people. Indian TV has done the unique job of showing the epics which have clocked the highest viewership of all times. Content which shows peace and tranquility rather than violence and doom will be necessary to prevent people from going into depression at this juncture. A new market has also arisen for interactive and online activities like meetings and work-from-home. They also need to plan for what is known as “the new normal” and position their content and programme keeping the post-covid scenario in mind.

Never has the role of the media come under such close scrutiny as in this pandemic. Quacks have started to peddle cures for the disease, some have recommended sitting out in the sun or injecting disinfectants etc. to cure the disease. Some communities were wrongly targeted for spreading the disease. In some places doctors and medical staff were ostracized and even attacked for having treated covid patients. Here the role of the media is to ensure that the gullible public is not taken for a ride and that the correct picture is placed on its platforms.

It may thus be seeming that never before has the media role come to the forefront as it has in this pandemic. It has both its positive and negative sides. While the positives need to be enhanced and upscaled, the negative side has to be quenched in the bud before it becomes a sore point in the global battle against the corona virus.



5.2 Social media - A source of Information or Misinformation

Social media are computer-mediated technologies that facilitate the creation and sharing of information and ideas via virtual communities and networks. Users typically access social media services via web-based technologies on their personal computers or smart-phones. Users can create highly interactive platforms through which individuals, communities, and organizers can share, co-create, discuss, and modify the content posted online. It changes the way individuals and large organizations communicate. Its outlet operates in a dialogic transmission method, i.e.; many sources to many receivers. Some of the most popular social media websites are Facebook, Twitter, Instagram, and LinkedIn. In recent years, social media has played a pivotal role in knitting the fabric of Indian society. It has changed Indian society from a naive society to a mature one.

Social media platforms provided Indians with a platform to raise their voice against injustice and inequality. People from the underprivileged society have always been suppressed by the upper class. Such oppressed people are now taking up their cases to social media to let the world know of the adversities done to them. A few decades ago, if a farmer died due to non-repayment of loans, only the family mourned for the loss. But today, if the same happens, the entire nation seems to empathize with the death of such farmers; NGOs too get an impetus with the rising awareness of the concerns.

Social media is not only confined to the common man but also the politicians. It plays a huge role in creating a good image of the politicians and influences the public to a great extent. It's the real game-changer with leaders having a million fans on these social media platforms. Former American president, Mr. Barack Obama, and former Australian PM, Mrs. Julia Gillard hosted political conferences on social media channels and this trend was later followed by our Honorable PM, Mr. Narendra Modi when he was the chief minister of Gujarat. Even now, PM Modi is one of the most popular and influential politicians active on social media.

Social Media usage in India has been increasing since the past few years. According to reports, on average, Indian users spend 2.4 hours on social media a day (slightly below the global average of 2.5 hours a day). 290 million active social media users in India access social networks through their mobile devices and 86% of the total number of social media users engage in some form of activity on their social channels. 97% of Indians who are connected to the internet watch videos online.

COVID-19 which has become a New Normal in the world of today has changed the pattern of consumption and absorption of social media apps in India. While India is under lockdown and following the norms of social distancing, the usage of social media has been beyond giving information and escaping from boredom. It has been a powerful weapon in the hands of doctors and police working on the frontlines fighting the deadly virus. As per a report released by

Hammerkopf Consumer Survey, social media usage jumped to 87% in the first week of the lockdown period. As per the survey, there has been an increase of 2 hours of usage per day. Before lockdown, the time an individual spent on social media was 2.5 hours. It has since gone up to 4.6 hours per day.

Social Media has increased in the healthcare sector for attending COVID-19 patients, it has not ignored patients down with other ailments. Through tele consultation services, several hospitals offer consultation and prescriptions. Follow-ups of patients' medical conditions are done through calls and messages. Even counseling for people with mental problems is being offered.

While doctors took care of people's health, police ensured their safety, WhatsApp has played a major role in coordinating volunteers across the city to help monitor social distancing in many places. There are numerous apps available on play store which give real-time information about the happening and monitor the rise or fall in the number of patients. Spiritual Gurus and Politicians are using social media platforms for disseminating and interact with the audience. Discourses and discussions were live-streamed on YouTube and Facebook as well as through the Zoom application. Spirituals places like Churches and temples have started to live-streamed mass poojas and religious celebrations can connect from different parts of the world.

While, social media is playing a major role in spiritual, political, and healthcare, it is playing a major role in the education industry as well. While the education industry especially school education has been done with a physical presence, there is a swift with online education with e-books, live classes, and online tests. School has evolved its methodology of teaching with online education. Tests and doubt clearing sessions are happening via Zoom Calls, WhatsApp groups, Google forms, School Apps, and much more.

According to reports, more than 1 in every 10 respondents used the government's Aarogya Setu app in the first week of its launch. Also, 40% of Google's top 100 searches are related to Covid-19. Time spent on chat and VoIP which is 19% on average, with women hitting higher at 22% leads smartphone usage, followed by social networking which is 15%, 14% video-streaming, and gaming which is 9% on average, while 15-21-year-olds spend 11% of their time. WhatsApp, Instagram, TikTok, Facebook, and YouTube are the most popular apps in India. YouTube search trends echo some of these shifts. News, gaming, at-home workouts, and recipe searches for dishes. Overall, it's clear to say that social media has witnessed a change in trends and reach during the times of lockdown due to COVID-19.

Social media is performing a major role in every industry, but it is even facing misinformation or issue of Fake News as well. Misinformation or Fake News is inadvertently sent to influence public opinion or obscure the truth. Its implications are far-reaching and carry serious implications. Recently, misinformation on video blogs and social media posts purportedly about special trains being made operational for taking migrant laborer home amidst the lockdown went

viral, resulting in a public health scare. Fake News has become a major issue in the world of today. With new sources of news coming in, there is an increase in fake information which has led to misleading information in the mind of the audience. Though the government has been trying its best to resolve the issue and take pro-active steps to mitigate it, there is still a lot to be done.

Social media is known for its flexible nature and ability to adapt to change. During the times of COVID-19, it has been at the forefront of adapt to this change and help a mass audience to be informed, entertained, and educate themselves in these times but it's the responsibility of the audience to consume social media information for reliable sources.

5.3 The wave of Change in Media- Increase in E-Papers and Online Content

We have always been used to that morning newspaper and tea in the morning. We have always been used to withholding the newspapers in our hands and discuss the happening with our office colleagues in the morning. We have been used to playing sudoku and crosswords during lunch or free times. But now there has been a new wave of change in media with the coming of online websites. And the newspaper which we had a habit to hold, now is being shifted to our phones with e-papers. Due to the massive spread of COVID-19 in India, there has been a decrease in the production and distribution of physical newspapers. People have shifted towards news websites and apps for obtaining news. News websites and apps have registered a spike both in time spent on the site or app and the number of users visiting the sites to track the latest updates since the coronavirus outbreak in India.

According to a joint study by Broadcast Audience Research Council of India (BARC) and Nielsen India, there has been a 41% increase in time spent on news apps. Users spent around 40 minutes per week tracking news on their smartphones in the week of March 28 to April 3, up from 27 minutes in the pre-COVID sample period (January 13-February 2). Overall, the news franchise on smartphones has grown 34%,

News aggregators also have been directing users to news websites and apps. Aggregator apps have recorded a 50% increase in time spent on their apps during the period between March 21 and 27, revealed the BARC-Nielsen study.

Even print publications are leveraging the digital medium for distribution as physical newspaper distribution is yet to take off in some parts of the country. HDFC Bank, ICICI Bank, Axis Bank, Paytm, Samsung Electronics, and others to have tied up with various national and regional newspapers for digital distribution, including The Indian Express, Financial Express, and many more. These companies have been supplying consumers with free copies of the day's e-paper on e-mail and via mobile apps. Additionally, newspapers that were behind paywalls and required users to register to read e-papers have relaxed these requirements, allowing more people to easily access e-versions online.

One of the most prominent magazines like Malayalam Manorama's website has registered a 36% hike in visitors in March over February. Another news website, The News Minute, has registered a similar spike in visitors. Vellore maintained that unlike other news events, where the spike in visitors dies down in about three-four days, news sites are witnessing this spurt for longer as the nation grapples with the coronavirus outbreak.

Consumption of news on smartphones peaks in the morning and that on smartphones is higher than TV news consumption during the day. Since newspapers are not reaching consumers uniformly, digital and television are the only two sources for consumers to access information. Therefore, digital news consumption has seen huge growth as a result of the lockdown. With such a new wave coming in the Indian print media and online consumption of news and information, it's clear to understand that this wave will have its opportunities and challenges.

6. Impact of Covid-19 on Media and Entertainment Industry

Media is playing an important role in the COVID-19 response, even as it poses challenges to the industry. New research shows between 80% and 90% of people consume news and entertainment for an average of almost 24 hours during a typical week. On an average, under half of consumers pay for media – 44% for entertainment and only 16% for news. The industry faces key challenges in the future of advertising and attention. The COVID-19 pandemic is disrupting every industry. For the media sector, coronavirus creates both opportunities and challenges.

The spread of Covid -19 pandemic has not only adversely impacted the human mankind but has also shaken the complete global ecosystem marking a significant impact on media supply, consumption and advertising around the world, leaving a daunting impact on the Indian Media and Entertainment Industry.

The Indian central and state governments have undertaken several unprecedented and drastic measures to curb the spread of the novel coronavirus ("COVID-19"), characterized as a pandemic by the World Health Organisation. Specifically in the context of the media and entertainment sector, the lockdowns and prohibitions imposed by the governments, along with the stalling of the film and television productions, sporting events and other industry events; shuttering of cinema halls and theatres across the country, and the 'social distancing' and 'stay at home' advisories from authorities, have severely affected operations in the media and entertainment industry, resulting in reduced revenue prospects for several businesses.

- **Print media**

COVID-19 has impacted the newspaper industry adversely. A lot of people (Over 50%) have refused to take newspapers inside their house fearing spread of the Virus through the newspaper. Many have told the newspaper delivery boys to stop delivery of the newspaper to their house. In fact, many newspapers have assured the readers that the newspaper is sanitized properly and is safe from spread of any virus. Despite this, many newspapers face challenges in circulation. Earlier, youth below age 25 used to read newspapers online. Now all those who have stopped reading hard copy of the newspapers have resorted to reading newspapers online i.e. substantial percentage of people have begun to read newspapers online, as they are held in their houses due to lockdown and they have time and comfort to read the papers online. When the newspaper circulation comes down, it will also impact the advertising industry badly. In fact, most newspapers have hardly half of their regular number of pages as there is not much advertising support. That means the newspapers face serious financial problems in bringing out their papers with very few advertisements.

- **Television media**

While it is not a good time for newspapers, Television has seen a spurt in viewership. People have a lot of time as they are forced to remain in the house. Not many people have work-from-home schedule and hence they see a lot of TV programme to pass their time. Doordarshan which was finding it difficult to manage against the onslaught of the private channels, has used the



lockdown very positively and has aired three decades old blockbuster classical serials -- Ramayan and Mahabharat. Doordarshan's viewership has gone up suddenly because of this.

Doordarshan has not stopped at that. It is using the lockdown very wisely to its advantage. In fact, Doordarshan has started a new channel DD-Retro which is telecasting most of the old serials which were once very popular during this period. This trend is very good for TV as viewership will further go up even after the lock down is lifted. On the one hand, social distancing has led to a spike in at-home media consumption, and growing numbers are turning to news providers on TV for timely and trusted information on the crisis. At the same time, some of the most valuable broadcast content – such as live sports – is being postponed or cancelled, leading to spending reallocations by advertisers and a subsequent drop in income for media companies. What has stayed constant is the indispensable role that media play in society. Media don't just help us pass the time; they keep us informed. Increasingly, media create shared cultural moments and reflect who we are as people. The industry needs financial models that work to be able to keep fulfilling these functions, which appear ever-more important during times of COVID-19.

First is the immediate challenge posed to the industry by the coronavirus crisis. There's evidence that self or forced isolation as a result of COVID-19 has boosted media consumption, even as traditional drivers of media consumption like sports and live entertainment have slowed. And few can argue against the value of having newsrooms that provide timely information in such situations. But all media rely on the free movement of people to produce and consume content. At least in the short term, it will have to find ways to adapt. Connected to this is the massive role that advertising plays in funding content creation. The low- income groups are far less likely to pay for news than people with higher incomes or social status. This suggests that concerns of emerging "information inequalities", where wealthier consumers have access to more or higher-quality information, are very real.

- **Outdoor media**

Outdoor media is witnessing one of the worst periods during the lockdown. In fact, the Outdoor media has been totally shut as people are not seen on the roads. Naturally, a lot of clients have cancelled all their outdoor media bookings. The outdoor media industry could see a 50% drop in revenue, i.e. to the extent of almost Rs 2,500 crores drop in the coming financial year. This has affected the very existence of the outdoor media owners as well outdoor media agencies which employ over a million people. The industry experts feel it may take anywhere between ten to twelve months after the lockdown is lifted, for the outdoor media to come to terms. COVID-19 and its impact on the Media and Advertising industry around the world, we now spotlight trends in India. We study key areas of digital consumption that are the most impacted by this pandemic.

- **News Consumption**

Compared with the week of Feb. 10-16, 2020 visits to websites and mobile apps in the "General News" category increased by 61% in the week of March 16-22, 2020. However, most of the



increase occurred recently: compared with the week of March 9- 15, 2020, visits went up by 50% during the week of March 16-22, 2020.

- **Business/ Finance**

As financial markets fluctuate with the spread of the pandemic, the reach of, and engagement with, digital content within the “Business News” category have surged. The number of unique visitors increased by 22% between the weeks of March 9-15, 2020 and March 16-22, 2020, while the increase in total visits was 34%, and total minutes increased by 27%.

- **Government**

Consumers have shown increased interest in content hosted on “Government” sites, whether that is the latest number of COVID-19 positive cases or the most updated guidelines to be followed. While traffic went down in February up until early March, it jumped during the week of March 16-22, 2020, as the reality of the pandemic took hold. Compared with the week of March 9-15, 2020, websites and mobile apps belonging to the public sector saw a 29% increase in reach, as measured by the number of unique visitors. Engagement, in terms of visits, increased by 39% and time spent on them increased by 27%.

- **Below The Line Activities**

Below The Line Activities (BTL) like street plays, a showcase of theatre and other skills in small and other outdoor places have seen a considerable decline leading to a two-fold adverse impact on the less-recognized yet high contributing segment. BTL activities employ a significant number of talented youth and also add significant value addition to the industry. The impact on this segment will lead to large unemployment leaving a large number of youths in lurch and helpless.

- **Healthcare**

As people sought information about this relatively novel illness, traffic to health-related websites increased. Between the weeks of Feb. 10-16 and Mar 16-22, 2020, visits to health information websites and mobile apps increased by 25%.

- **Sports**

The disruption of sports events was reflected in a decline in reach of, and engagement with, sports websites or mobile apps. The sharpest decline occurred during the March 16-22, 2020 week: compared with March 9-15, 2020, visits to websites and mobile apps in this category declined by 76%; total minutes spent on this category declined by 87%.



- **Travel**

Be it hotels, flights or ride sharing, the pandemic forced people to abandon their travel plans and stay at home. As a result, compared with the week of Feb. 10-16, 2020, visits to online travel agents’ websites or apps declined by 55% during the week of March 16-22, 2020.

- **Online Gaming**

Devoid of sports, travel and any social activities, many have turned to online games. Between the weeks of Feb. 10-16, 2020 and March 16-22; 2020, visits to online gaming websites or apps increased by 24%. Engagement, as measured by time spent on gaming sites or apps, increased by 21% during the same time.

- **TV & Mobile Consumption**

The total TV consumption has increased by 8% across India in the week ended March 20 (Covid-19 Week 1), while the total time spent per user on smart phones went up by 6.2% to 25 hours a week. TV reach went up by 32 million new average daily viewers in the week to touch 592 million viewers. While the daily total time spent per viewer also jumped from 3 hour 46 minutes in January to 3 hours 51 minutes each in week under consideration.

Screen Time	
Increase in TV viewership Driven by Kids (20%)	Smartphone usage grew to 25 hours in week
Growth in Hindi speaking mkts Higher (10%) than south region (5%). News genre biggest gainer with 57% rise	News app witnessed 8% more users
Sports segment saw biggest dip	Time spent on gaming up 11% to 169 minutes per user
	Time Spent per user on video streaming services up 3%

- **Social Media**

Also, with a lot of uncertainty around recent events, people have increased their time spent on social media especially chatting (+23%) and social networking (+25%) apps. Almost all social networking apps - Facebook, Instagram and TikTok have seen significant increases not only in time spent but also in the sessions per user. Voice calls, meanwhile, saw only 4% increase in time. There are five phases of COVID-19 impact on leisure and entertainment: business as usual; leisure collapse; cocooning; revival; and finally, recurrence. However, the prospect of a return – possibly seasonal recurrences – remains a strong possibility. Audiences and investors alike may well manifest alarm and concern, albeit at lower rates.



- **Production**

Although entertainment – live performances excepted – is easily consumed away from public places, the production process of most content still often includes significant human contact and is therefore at risk from COVID-19. Not all media industries are equally affected, however. Restrictions and guidelines concerning groups of people and home-based working have already started to hit the filming of TV shows and movies, with many projects put on hold. Meanwhile, staples of linear TV such as soap operas (many of which have older, at-risk cast members), quiz shows, game shows and reality TV are all likely candidates to halt filming. In music, recording studios are closing down, creating a similar supply chain challenge. If the pandemic persists long enough to keep the population home-bound for months, both music and TV companies are going to start running out of new content to deliver to their audiences. Games, however, is a very different story, with many games publishers able to continue the development of games with work-from-home (WFH) workers. This is a distinct market advantage. Podcast creators and social talent are similarly well placed. In fact, independent content production as a whole is well positioned to weather this storm.

- **Live Entertainment**

Consumption of entertainment in venues (encompassing sports, cinema, music, theatre, clubs) is significantly more impacted in the short term by COVID-19. However, recovery should transpire in the mid- to long-term. Sports has been particularly hard hit and was one of the first sectors to respond, initially playing games behind closed doors and then stopping leagues and events entirely. The consumption hole that sports has created (for both live and televised sports) is an opportunity for other forms of entertainment to fill. TV rights deals face the risk of re-evaluation if the shutdowns persist. Live music is another high-profile victim, as testified to by the share price tribulations of Live Nation. Live streaming of concerts is still nascent and COVID-19 may have come a little too early for the sector to truly capitalize. Nevertheless, there is already a groundswell of activity that will grow – though promoters may find themselves cut out of this new value chain. Once the pandemic is over however, live music will return to strength as the unique experience of being at a live music cannot be fully replicated digitally.

- **Consumption**

Although the leisure industry may be facing a near-term Armageddon, entertainment is set for a boom. During the last recession consumers cocooned, allocating more time in with entertainment at home rather than spending to go out. The additional time will add around another 5% to available time for entertainment, while the removal of the daily commute will add another 10% for workers. So even without considering extra time from potential unemployment and under-employment, the average working consumer has another 15% of their waking hours addressable by entertainment. The New Gen-X and the aware consumer of today is looking for realistic and value-added content and therefore the demand for content especially the one streamed, telecasted live and multi-layered is on a record high. The changing trend in the liking and demand of the end consumer has made it almost mandatory to bring in new innovations and ideas to get going. New Creation like live sports, movies, sitcoms among others have been turned off by the new generation forcing the companies in the media and entertainment industry to come up with new



and innovative ideas to engage with the consumers. Many companies have reaped the benefits of being the first movers by coming up with innovative ideas such as professional sports, eSports league, web series on platforms like Netflix, Amazon Prime etc., among others and finding ways to gauge the attention and engage differently with the consumers. There has been a considerable pressure on the advertising side of the industry as the advertising spend has come under significant pressure, with some sectors completely ceasing advertising and campaigns in these difficult times as now deemed inappropriate in these times of social distancing norms.

- **Start – Ups**

Start-ups are facing challenges with liquidity, witnessing potential dips in valuations with decreasing access to funds, both venture capital and public. The starts are being forced to turn heads towards hiring freeze and layoffs to maintain their cash flows and their businesses sailing strong.

7. Glimpse of Media frontline warriors

These Corona warriors be it the doctors, nurses, hygiene and sanitation staff, police personnel or **media personnel**, they have ensured that India keeps on fighting this pandemic. We salute these warriors and their efforts and wish them the best of health. We are grateful for their sacrifice and their efforts in fighting COVID-19, knowing fully well the dangers that they face.



Narendra Modi @narendramodi · Apr 26
India cherishes the role of all those working on the frontline, protecting people and saving lives.

The Epidemic Diseases (Amendment) Ordinance, 2020 has been hailed by people of all sections of society. #MannKiBaat



Narendra Modi @narendramodi · Mar 28
Yes Radio has a big role to play in this challenge we are facing. The reach of radio is unparalleled. #IndiaFightsCorona



8. “The Show Must Go on: The Era Post Covid – 19”

While entering into commercial arrangements in future, in addition to re-evaluating the force majeure provisions, contracting parties will need to consider several other aspects afresh in light of the pandemic. We have summarised below some key aspects that we believe may be considered in the most common contractual arrangements in the entertainment industry:

- **Arrangements of Production houses/companies.**

Production of new content may be one of the most challenging segments to manage once shootings are resumed, considering that production processes rely heavily on physical gatherings and interactions amongst people.

This may, therefore, require planning production schedules, timelines and budgets with a whole new perspective - including by possibly dividing the shoot schedules in a manner that shootings are undertaken with smaller group of people on a given day; choosing shooting spots and locations in areas that are least affected by the pandemic; making additional contingency provisions in the budgets for delay in supplies, reshooting, illness of a crew member who may require time for recovery as well as quarantining among others.

Studios or platforms funding the production of any content, may consider including appropriate legal covenants in their contracts with production companies, in light of the above, and also specifically requiring them to adhere to all Government regulations and advisories regarding social distancing norms and mass gatherings as applicable to areas where shootings are undertaken.

- **Talent Engagements**

Companies such as production houses, studios or platforms, directly engaging talent may consider inclusion of appropriate representations and covenants from the talents to ensure: adherence to all health advisories by the talent, disclosure of symptoms of any kind of contagion; necessarily adhering to self - quarantining measures, if and when required; restrictions from undertaking travel to regions most affected with COVID-19 during the term of engagement; obtaining adequate personal health insurances among others.

Further, such companies may also want to take appropriate waivers from the talents against any claims in respect of contracting of COVID-19 or any similar contagion in future, in the course of production and shootings.

On the other hand, talents should review and evaluate their contracts carefully to ensure that they are not bound to disclose their personal and sensitive information to any person; that they are protected against any chances of contracting a contagion on the shoot locations; that the production house or the relevant contracting party is obligated to take all health precautions and safety measures; and most importantly, that they are not forced to travel to locations and regions

that are most affected by COVID-19. Alternately, if shootings are proposed in such locations then this must be disclosed to the talent much in advance and before commencing the shoot.

There may also be other provisions to consider such as replacement of talent in case of contracting a contagion or prolonged illness, suspension or termination on this account and consequences thereafter. However, these may need to be negotiated on a case to case basis between the parties.

- **Content acquisitions and licensing**

Parties to licensing and content acquisition contracts may examine their delivery requirements and obligations, since there may be delays on various accounts, such as delays in supplies; delay is completion of production due to non-availability or illness of crew members, non-availability of shoot locations, or a possible change in shoot locations in light of the pandemic, among others.

Further, the manner of delivery of content will also need to be assessed, since physical deliveries may be a challenge or may take longer in the near future, especially in case of cross border licensing and acquisitions. Drafting of the force majeure provisions in these contracts will also be of utmost significance and will need to be prudently negotiated between the parties.

9. Declining Advertising Revenues – A Major barrier in growth of Media & Entertainment Industry

Advertising is important for every aspect of a business. It plays an imperative role for both manufacturers and consumers. Advertising is important for the business on the whole as it lets the business gain more customers, thereby increasing business turnaround. In the media industry, Advertising is a prime source of revenue for publishers of mass media like newspapers, TV channels, magazines, websites, so on. The input cost involved in processing any valuable information is usually higher than its selling price. A publisher's expense rises due to various data gatherings and information-processing activities like research, professional writing, editing, proof-reading, publishing in the form of printing or digital web hosting, and distribution. It pays publishers their input costs and in return use their media platform as a medium to reach the maximum number of people. It's said that advertising makes newspapers and magazines affordable for the masses.

Understanding the importance of advertising in the world of today, every organization allocates a part of their annual budget for advertising activities. All the global and local corporates and government organizations allocations 10%-30% of their budget for advertising on print, electronic, digital and OOH (Out of Home) which varies on every company and year to year basis.

COVID-19 has brought one of the major changes in the media industry and one of the major changes in the instability and downfall in the advertising revenue segment. According to research conducted by Crisil Ratings, the media and entertainment sector is expected to witness a 16% decline in revenue for FY21, due to falling in advertisement and subscription income. The industry would take a hit of around 18% in revenue from advertisements that account for nearly 45% of total income, while the subscription earning that contributes 55% will be relatively resilient with a likely decline of 14%.

While the Corporate Social Responsibility and Public Awareness Advertisements are still running but at a low pace, overall the industry is expected to have a turnover of around Rs 1.3 lakh crore this fiscal and the ongoing economic slowdown, made worse by the COVID-19 pandemic, is set to pull down the Indian media and entertainment industry's revenue by 16% or Rs 25,000 crore to Rs 1.3 lakh crore this fiscal.

While advertisement revenue, which correlates strongly with economic growth, will take a hit as India's GDP growth hurtles towards a multi-decade low this fiscal owing to the extended lockdown to contain the pandemic, it said, adding that weak economic conditions had kept advertisement revenue muted even last fiscal. The overall revenue loss of Rs 25,000 crore for the

industry will translate to significantly lower profits for companies despite cost-cutting measures. Overall ad revenue will plummet 18% this fiscal, with the impact varying across segments. In digital, it will continue to grow but at a slower pace.

All the traditional segments like television (TV), print, radio, out-of-home media, and films, will see a significant decline in the advertising revenue. The resilience of the digital segment is driven by the increasing use of devices and applications.

For TV, the impact on ad revenue will also be because of the lack of new content on popular channels and postponement of major sporting events such as the Indian Premier League. For newspapers, longer recovery time for key advertiser-industries such as automobiles, real estate, and e-commerce would keep ad spend muted. Newspapers have faced distribution challenges in certain areas leading to a temporary blip in the circulation revenue. But a sharp fall in box office collections will curtail subscription revenue. Given the sharp reduction in revenues, debt protection metrics will certainly weaken this fiscal for media and entertainment companies. The large ones will surmount the stress given their ample liquidity and strong financials. But smaller players could see a sharp impact on their credit profiles as revenues decline and liquidity gets squeezed. Multiplexes that have had strong credit profiles will see credit pressure aggravating because of the long road to recovery.

With such devastating figures, there is also a ray of hope with Finance Minister Nirmala Sitharaman launching the economic package with its relief measures to boost the MSME sector which has been a ray of hope in these times. According to industry experts, MSMEs are likely to boost with these reliefs and measures and would spend on advertising once their demand and supply are back into place. The MSME which does online and digital advertising will gain a good upliftment from this package.

Overall, in the Media and Entertainment industry, the advertising sector is witnessing a slowdown and downfall. With the coming of this stimulus package, there are some reliefs to this sector as their business will be able to sustain at least.

10. A Ray of hope for M&E Industry during COVID-19- The Financial Package

The entire world has reached a point of stagnation due to COVID-19 leading to a slowdown in the economic and business activities. In the lieu to kickstart the economy and industry, Hon'ble Prime Minister Shri Narendra Modi has announced a Rs 20 Lakh crore economic package aimed at reviving the economy which has been shattered by the Coronavirus pandemic that has gripped the world. The amount, which is the equivalent of 10% of India's GDP will emphasize land, labor, liquidity, and laws. The aim is to make India Self-Reliant and to go Local.

Indian Media and Entertainment Industry is faced with a multi-dimensional effect due to COVID-19. While online, social, television media consumption has increased, there is a decline in the advertising, film, events, and other industries. Overall, the industry is witnessing a change in the reach, working, and absorption of content. Hon'ble Finance Minister Nirmala Sitharaman launched the economic package of Rs 20 lakh crore fiscal stimulus focusing on different industries namely Coal, Mineral, Defence Production, Airports, and Aerospace Management, Space, Atomic Energy, Agriculture, MSME, MRO (maintenance, repair, and overhaul) and others.

The reduction of customs duty on newsprint from 10% to 5%, has provided some relief to magazine and newspaper publishing organizations. According to industry experts, the different industries are likely to boost with these reliefs and measures and would spend on different forms of media like advertising and events once their demand and supply are back into place. The forms of media which go online and digital advertising will gain a good upliftment from this package.

Overall, in the Media and Entertainment industry, with the coming of this stimulus package, there are some reliefs to this sector as their business will be able to sustain at least.

11. Conclusion

The onslaught of the COVID - 19 pandemic has changed the social lives of people across regions and economic sections. The lockdowns and restriction on movement of people has not only led to an increased demand for content but has also changed content consumption patterns. While traditional and outdoor mediums of distribution of content, such as cinema theatres, continue to be unavailable; the home consumption mediums, such as television channels and OTT platforms have gained even more popularity and viewership. However, despite the rise in viewership, monetisation and revenues are hugely impacted, considering reduction in ad-spends by other industries owing to the global recession.

In addition to the extended lockdowns adversely impacting a large number of daily wage earners, and freelance creative talents, decreasing revenues and uncertainty around the ecosystem for recovery from the pandemic, unfortunately also triggered a number of layoffs and pay-cuts in the media industry. In these circumstances the social and charitable measures taken by several media bodies, including broadcasters, IPRS, Producers Guild of India and other industry bodies, are certainly a much-needed lifeboat to sustain livelihoods of composers, artists, singers, authors, and daily wage earners in the entertainment industry.

Going forward, the industry will need to re-think various operational and legal aspects of the business, such as timelines, production costs and schedules, legal commitments etc., in order to adjust to the 'new normal' being presented to the world. OTT platforms, where a large chunk of the content library comprises of acquired content, or is dependent on partnerships with third parties, may have to think of innovative ways of updating their existing content libraries, given that the production of new content may take much longer than anticipated earlier.

Media companies including production houses will also need to find ways of increasing their use and reliance on technology. In addition, contractual arrangements and legal provisions will need to be re-evaluated wherever possible, so as to appropriately account for such risks occurring in future and mitigate losses.

However, on the bright side, the demand for home consumption mediums including digital streaming services, which are hugely popular since even before the pandemic, is likely to increase even further. In the long run, this may in fact benefit subscription-based services which may be able to penetrate even further amongst viewers.

Given a rise in demand for content and increasing viewership, and the halts in production of new content, existing content is likely to become more valuable, and in time may increase competition not only for existing film and television libraries, but also for all new content. To meet the demand for content, the industry may also see increased partnerships between domestic and international media companies, leading to a rise in acquisition of foreign language content,

and distribution of localised versions of such foreign content to suit different segments of the domestic audience.

Given the above, while the media and entertainment sector is currently grappling with various challenging issues, however, as people strive to return to normalcy, eventually the sector may be amongst the first few to recover, and continue to provide to everyone across all mediums and segments, the much-needed entertainment.

The allowance of 100% FDI in the Media and Entertainment industry and an effective hand holding from the government will definitely keep the show of the Indian Media and Entertainment industry going on.

12. Recommendations

- **Use Advertising as a tool to make India a Covid-free Nation:**

Knowing that the government has a significantly large allocation towards the advertising budget, the government should make a conscious effort towards ensuring that same is utilised in the respective financial year. This will ensure that the government receives its due credit by publicising the numerous effective and efficient reforms and initiatives undertaken by the government towards Nation building. The effective utilization of the budget allocation towards advertising by the government will also ensure that the media and entertainment industry keep sailing with inflows towards advertising, one of the major contributors to the industry's revenue.

- **Continued Advertising from Corporates too in the time of Covid-crises:**

Corporates and industry stakeholder should also make a conscious effort to reach to their customers and end users, through effective advertisings in these current time of Covid-19 crises. It is the connectivity with the consumers in these trying times of crises which will be remembered and will go a long way in adding value to a corporates business.

- **Settling outstanding dues of all media companies immediately:**

The Government through the Ministry of Information and Broadcasting should direct all other Ministries, DAVP, Autonomous bodies, Public Sector Undertakings and other State Governments to clear all outstanding payments, which is a significantly large amount, without any further delay to the entire media sector. This initiative will provide the much needed relief to the media and entertainment industry, which has played a pivotal role in creating jobs and spreading awareness during the crises of Covid-19, and yet has been grappling with cash crunch and are unable to pay the salaries to their employees, who have been the frontline warriors.

- **Special package to the devastated Outdoor media industry is the need of the hour**

The Outdoor media owners and agencies have been caught in the spiral of a financial crisis even before the outbreak of Covid-19. Now with the outbreak of the pandemic, they have been pushed to the wall and are now facing closure of many companies and unprecedented loss to their finances. Hence the need of the hour is to hand hold the outdoor media industry which is in urgent requirement of special relief packages which the following inclusions:

- Abolition of ‘Advertisement Tax’ by the govt./ municipal authorities
- Waiving of ‘Licence Fees’ for the financial year 2020-21
- Defer all Tendering or Auctioning activities of all outdoor media by the Civic bodies and Railway and Airport authorities till September 2020 and continue with existing licenses till then.
- Cover the cost of salaries / wages/ treatment of those who have been infected by COVID-19 and who are unable to return to work.
- Declare the pandemic as natural calamity to be covered under ‘Force Majeure’ clause of all contracts.

- **Paying salaries for the lockdown period to employees registered with ESI**

As a goodwill gesture and keeping the importance of Media industry’s role in these critical times of pandemic Covid-19, the development of economy as well as socio-political fields, the government must pay salaries for the lockdown period for those employees of media companies and advertising agencies who are registered with ESI. This will go a long way in restoring the faith in the government by the media industry.

- **Reducing GST rates for Electronic and Outdoor Media**

The government should reduce the applicable GST rates for Electronic and Outdoor media and bring the rates on par with the Print media, which is 5%. This will reduce the burden of the Media companies as well as the advertisers to a great extent and help the companies tide over the crisis much faster.

- **Take Covid-19 in stride and work it for the industry’s advantage:**

To make the impact of Covid-19 work to the industry’s advantage the advertisers should start to develop content that enlightens the viewers and speaks about the current situation. The importance will be laid on the message imparted, as consumers are wary of advertising that comes across as tone deaf in this challenging environment.

- **Think out of the box & implement innovative new ideas:**

Coming in terms with the massive cancellation of events due to the implementation of lockdowns, it’s time that the industry stakeholder think off out of the box innovative new ways to reach their customers digitally and organise online simulated sports events to provide content to fans, with even the professional players and athletes engaging in Esports competitions.



- **Renewed Focus on Technology led start Merger & Acquisitions (M&As):**

Companies with access to capital should make up opportunistic plays to acquire innovative start-ups, with renewed focus on technology led M&A, as many start-ups in the industry will tend to perish due to challenges faced on liquidity front and substantial dips in valuations.

- **Time for stringent Social Media Laws:**

High time that the Indian Government formulates stringent laws for social and digital media to save these platforms from continued bombardment with fake news, age inappropriate availability of content, misinterpretations leading to communal violence, imparting of misinformation, among other hazards.

- **Industry must look at equity linked stock options to employees:**

The prolonged financial impact, similar to many other industries, may force media companies to consider workforce reduction or salary reduction of employees, as a cost-cutting measure. In this context, companies could also consider granting equity linked stock options to employees, as a measure to make up for the reduction in salaries or other payments, if any, and to retain key employees and talent.

As there is been a continuous surge in the demand of online streaming and online viewing of content, the industry needs to focus on Network resilience and continued and uninterrupted capacity.

- **Sector Needs efficient government hand-holding**

Print media will see a cut-throat competition in the new future post the COVID-19 crisis leading to the survival of the fittest and pushing the segment at the end of a difference if now handled with enough government support through effective reform measures and increased advertising demand/opportunities.

Annexure

Table 1: Market Size

FY17	FY18	FY19	FY21(P)
20.2	21.2	23.3	33.6

Source- PHD Chamber of Commerce and Industry compiled from IBEF, (P)- Projected

Table 2: Sector Composition

Medium	FY19	FY 2021 (P)
Television	10.2	14
Print	4.8	4.9
Filmed Entertainment	2.6	3.5
Digital Media	2.5	5.2
Animation and VFX	1.3	1.9
Online Gaming	0.9	1.8
Out of Home Media	0.5	0.7
Radio	0.4	0.3
Music	0.2	0.6

Source- PHD Chamber of Commerce and Industry compiled from IBEF, (P)- Projected

Table 3: Industry Size Emerging

	FY18	FY19 (P)	FY20 (P)	FY21 (P)	FY22 (P)	FY23 (P)
Digital Advertising	1.8	2.3	3	3.9	5.1	6.5
Animation and VFX	1.1	1.3	1.5	1.7	2	2.3
Gaming	0.7	0.8	1.1	1.3	1.5	1.8

Source- PHD Chamber of Commerce and Industry compiled from IBEF, (P)- Projected

Table 4: Advertising Revenue

2014	2015	2016	2017	2018	2019
6.13	6.86	7.36	8.16	8.91	9.67

Source- PHD Chamber of Commerce and Industry compiled from IBEF



Table 5: FDI Inflows In The Sector

Year	Inflow
FY12	0.7
FY13	0.7
FY14	0.1
FY15	0.3
FY16	0.97
FY17	1.52
FY18	0.64
FY19	1.19

Source- PHD Chamber of Commerce and Industry compiled from DIPP

Table 6: FDI Limit

Sector	FDI Limit (In Percentage)
Radio including private FM Channels	49
DTH satellite and digital cable network	100
Automatic Route Films	100

Source- PHD Chamber of Commerce and Industry compiled from IBEF





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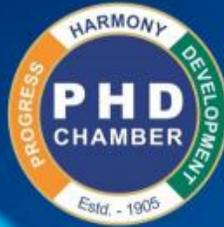
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